

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

U.S. DEPARTMENT OF DEFENSE)	
COMPLAINANT)	
)	
VS.)	CASE NO. 9608
)	
SOUTH CENTRAL BELL TELEPHONE)	
COMPANY)	
DEFENDANT)	

O R D E R

IT IS ORDERED that South Central Bell Telephone Company ("SCB") shall file an original and 12 copies of the following information with this Commission, with a copy to all parties of record, within 2 weeks after the date of this Order. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to insure that it is legible.

Information Request No. 1

1. a. Provide detailed workpapers and explanations for each adjustment of the \$4,094,000 KPSC income adjustments provided in Item No. 1 of the response to the Commission's Order dated July 7, 1986.

b. Does the \$4,094,000 include all adjustments SCB considers necessary to reflect current earnings? If not, provide any pro forma adjustments, with workpapers and explanations, SCB considers necessary to reflect current earnings.

c. Does the \$4,094,000 include all adjustments normally made by the Kentucky Public Service Commission in rate-making proceedings? If not, provide such adjustments with workpapers and explanations.

2. a. Provide detailed workpapers and explanations for the \$219,000 credit to miscellaneous income charges which was provided in Item No. 1 of the response to the Commission's Order dated July 7, 1986.

b. Has this account ever been included above the line for rate-making purposes by the Kentucky Public Service Commission?

c. Why does SCB think the charge should be considered for rate-making purposes in this proceeding?

3. Provide explanations and details with respect to the BellSouth Services' dividend shown as \$356,000 in Item No. 1 of the response to the Commission's Order dated July 7, 1986.

4. a. Provide detailed workpapers and full explanation for the \$3,063,000 normalization adjustment which was provided in Item No. 1 of the response to the Commission's Order dated July 7, 1986.

b. Does this include normalized revenues and expenses as reflected in recent rate-making proceedings? If not, provide same with workpapers.

5. Provide an actual annual statement of revenues, expenses, and net operating income on an intrastate basis separated in accordance with separations procedures for the 12-month period ending May 31, 1986, i.e., traffic, commercial, etc.

6. Provide the intrastate operating statement and rate base budgets for calendar years 1986 and 1987, including rate of return.

7. a. Provide the intrastate rate base as of May 31, 1986.

b. Provide the pro forma intrastate rate base as of May 31, 1986. Provide workpapers and explanations for any adjustments.

c. Provide the intrastate rate base including adjustments normally made by the Kentucky Public Service Commission in rate-making proceedings. Provide workpapers and explanations for any adjustments.

8. a. Provide the intrastate capitalization for SCB as of May 31, 1986.

b. Provide the intrastate capitalization for SCB as of May 31, 1986, including adjustments normally made by the Kentucky Public Service Commission in rate-making proceedings. Provide workpapers and explanations for the adjustments.

9. a. Has SCB included as part of this proceeding any adjustments for BAPCO? If so, identify.

b. If not, please provide adjustments normally made by the Kentucky Public Service Commission in rate-making proceedings,

as of May 31, 1986. Provide workpapers and explanations for the adjustments.

10. Provide a list of the companies with comparable stock and safety rankings as referred to in Exhibit 3 of SCB's response to the Commission's Order dated July 7, 1986, to Satisfy or Answer.

11. Provide a list of the stocks widely owned by institutional investors as referred to in Exhibit 4 of the same response.

12. Provide an analysis of the appropriate rate of return on equity and the composite cost of capital for SCB, given current economic and financial conditions.

13. a. Does SCB plan to refinance any of its long-term debt within the next 12 months?

b. If yes, provide the details of the refinancing.

14. Provide a copy of the Memorandum Opinion and Order on Reconsideration (Phase II, FCC 86-353), dated August 25, 1986, and the Memorandum Opinion and Order (Phase III, FCC 86-354), also dated August 25, 1986.

15. Provide a copy of all studies used in assessing the competitive impact of carrier and/or private bypass on SCB of Kentucky.

Done at Frankfort, Kentucky, this 4th day of September, 1986.

PUBLIC SERVICE COMMISSION

ATTEST:

Richard D. Werners
For the Commission

Executive Director